

President and
Chief Executive Officer

CareFirst BlueCross BlueShield
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February 13, 2001



Mr. Larry C. Glasscock
President and Chief Executive Officer
Anthem BlueCross and BlueShield
120 Monument Circle
Indianapolis, IN 46204-4903

Dear Larry:

Thank you again for your interest and for facilitating a conversation between Goldman Sachs and Credit Suisse First Boston (CSFB). It is my understanding based on that conversation, that a number of issues and topics were covered. As you know, we have been using CSFB for some time and our process has proceeded significantly. It is in that context and upon recommendation from CSFB, that I respond to your letter. I clearly have considerable respect for what you and your team have accomplished. Knowing you personally, as I do, makes it easy for me to understand that you are sincere in all your representations and we appreciate that.

Let me address our issues as seen through our investment bankers as follows:

- From a strategic fit and growth opportunity standpoint, it is difficult to see consistency between Anthem's current plan purchase strategy and the way we currently operate CareFirst. In all of our other discussions, we can clearly measure immediate and/or relatively quick economies of scale and market growth opportunities, and while such may be possible at some future point with Anthem, it seems neither promised nor short-term through an affiliation with Anthem at this time.
- As we view your plans for demutualization and the work your Board Special Committee must do, even with optimism, it will take time to complete that transaction. Beyond that, as we understand it, you must also complete a financing transaction (initial public offering). While you may have current financial resources, our investment bankers did not see a transaction with you occurring for some time. I am sure you understand that we would not want a two-part transaction requiring us to become a mutual company before converting to a stock company.

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As I indicated, our Board has had in place a very strategic business analysis process. We have made considerable progress in these regards based on specific criteria. While we understand your optimism in your demutualization and subsequent access to cash and/or a marketable security, the process could be lengthy and today the outcome is uncertain.

It is for these reasons we feel it is necessary to complete our current process before we expand or change the criteria and timing we have in place. Again, we are delighted to continue talking with you regarding opportunities for future times.

Sincerely,



William L. Jews
President and Chief Executive Officer